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Press Release

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**ATTORNEY GENERAL DARRELL MCGRAW ANNOUNCES SETTLEMENT
WITH UNITED CONSUMER FINANCIAL SERVICES COMPANY,
FINANCE COMPANY FOR KIRBY VACUUM CLEANERS,
CLEARING CREDIT RECORDS OF 1,157 CONSUMERS**

Attorney General Darrell McGraw today announced that his office entered into a settlement agreement with United Consumer Financial Services Company ("UCFS") of Westlake, Ohio, that resulted in the deletion of all negative information it had reported to the three major credit bureaus about 1,157 West Virginia consumers who allegedly defaulted on loans for purchases of Kirby vacuum cleaners. UCFS, a wholly-owned subsidiary of The Scott Fetzer Company, exclusively finances the high-priced Kirbys that are marketed through a nationwide dealer network that targets consumers who often have bad credit with high-pressure, in-home sales presentations. The settlement also relieved the affected West Virginia consumers from all further obligations to pay the charged-off accounts to UCFS, an amount estimated to exceed \$1 million.

Attorney General McGraw's Consumer Protection Division began investigating UCFS in 2002 after learning that the company had hired at least two unlicensed collection agencies to collect alleged delinquent accounts in West Virginia. Attorney General McGraw's office also found that UCFS failed to furnish consumers with proper notice of the right to cure default prior to reporting alleged defaulted accounts to credit bureaus, an action that harmed consumers' credit ratings.

The settlement alleges that UCFS mailed unsigned computer-generated letters to consumers who allegedly defaulted on their accounts during the 1990s and up until May, 2002. This practice ended after the Attorney General initiated his investigation. The Attorney General asserts that the required letter, which advises consumers of their important right to cure default, must be signed by a company official and must also include a notarized certificate confirming under oath that the letter was placed in the mail on the date indicated. Actual proof of the date of mailing is important because the law requires that consumers be given 10 days from the date of the letter to cure the alleged default. Although UCFS denied that its notices were defective, the company agreed to reform its future notices in the manner requested by the Attorney General.

The settlement also alleges that UCFS entered into contracts with Harris & Harris, now known as Business Credit Services, Inc., of Chicago, Illinois, and Receivable Recovery Management Corporation of Great Falls, Virginia, in 1993 and 1994, respectively, to collect alleged delinquent accounts in West Virginia. The companies were not licensed and bonded to collect debts in West Virginia as required by the State Tax Department. Although UCFS denied that it was responsible for the companies' unlawful collection practices, it agreed to verify that all companies it hired to collect delinquent accounts in the future would be properly licensed and bonded.

Attorney General McGraw stated, "A notice of right to cure default is a valuable protection that consumers have under West Virginia law. If consumers fail to cure a default after proper notice is given, a creditor may attempt to repossess valuable property such as an automobile or mobile home. Defaulted accounts are customarily reported to credit bureaus. Negative references on credit reports can prevent consumers from obtaining new credit for many years in the future. I commend UCFS

for taking the necessary steps to delete its derogatory references from West Virginia consumers' credit records in order to resolve the concerns of our office, even though it denies that it acted improperly."

Any persons wishing to file a complaint about a consumer matter or to alert the Attorney General about unfair or deceptive practices may do so by calling the Consumer Protection Hot Line, 1-800-368-8808.

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